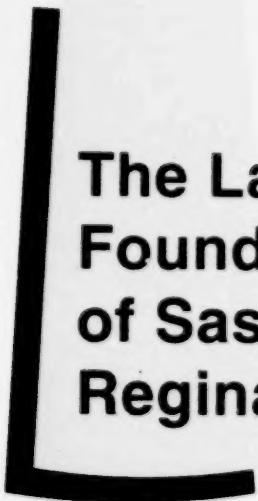


THIRTY-FIRST ANNUAL REPORT

**2004
(Fiscal Year ended June 30th)**



**The Law
Foundation
of Saskatchewan
Regina, Sask.**

THE LAW FOUNDATION
(www.lawfoundation.sk.ca)

The Law Foundation of Saskatchewan
31st Annual Report for the Year Ended June 30th, 2004
to the Honourable Minister of Justice of Saskatchewan
and to the Law Society of Saskatchewan,
pursuant to Section 79 of The Legal Profession Act,
1990, and Amendments thereto

The Law Foundation of Saskatchewan was established in 1971. The purpose of the Foundation is to establish and maintain a fund to be used for legal education legal research, legal aid, law libraries and law reform. The Foundation's funds consist of all interest earned on trust funds on deposit in lawyers mixed trust accounts and investment income. All such trust funds accrue interest at rates negotiated between the Law Foundation and the various financial institutions. During the year ended June 30th, 2004, the total amount of interest earned by lawyers mixed trust accounts and paid to the Foundation was \$1,403,374.

The Foundation has received total income in 31 years of \$47,600,000 and made grants totaling \$40,500,000.

The major beneficiaries of the Law Foundation's funds for the year ended 30th June 2004 were the following:

- Law Society of Saskatchewan Libraries
- Public Legal Education Association
- Saskatchewan Legal Education Association
- Law Foundation of Saskatchewan, College of Law Endowment Fund
- Native Law Centre
- Centre for Studies in Agricultural Law and Environment, University of Saskatchewan
- Law Reform Commission
- Elizabeth Fry Society
- Chair in Police Studies, Faculty of Arts, University of Regina

An itemized list of all grants made by the Law Foundation during 2004 is on Schedule "I" of the Financial Statements attached.

Major one time grants have included the establishment of the Saskatchewan Legal Aid Endowment Fund with a contribution of \$1,100,000. Recently, a Chair in Police Studies at the University of Regina was established with a grant of \$750,000. Subsequent to the year end 30th June 2004, a major grant was made to the University of Saskatchewan, College of Law expansion, through the Law Foundation of Saskatchewan Endowment Fund.

The Law Foundation has a Grant Stabilization Reserve of \$4,250,000. The Reserve is intended to be used in years where the interest earned by Lawyers' mixed trust accounts is not sufficient to meet the core grants of the Law Foundation.

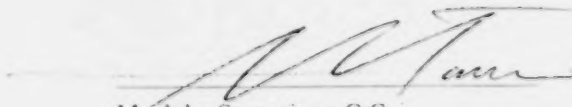
The Law Foundation meets on a quarterly basis throughout the year. In February 2004, Mr. Robert Arscott, F.C.A., attended a mid-winter meeting of the American Foundations. Messrs. John Stamatinos, Q.C., and Mr. Arscott attended the August 2004 annual meeting of the Canadian Association of Law Foundations held in conjunction with the Canadian Bar Association in Winnipeg, Manitoba. At the annual meeting, the Canadian Law Foundations discussed projects of a national nature and other matters of mutual interest. Representatives of the Saskatchewan Law Foundation continually emphasize the national importance of the Native Law Centre at the University of Saskatchewan and requested the continued support of the other Foundations for this project.

In June 2004, a major planning session was held at Good Spirit Lake for Law Foundation members.

The present members of the Foundation are: Mr. John Stamatinos, Q.C., (Chair), Mr. Randy Baker, Q.C., (Vice-Chair), Mr. Gordon Wicijowski, L.L.D., F.C.A. (Treasurer), Dean Brent Cotter, Q.C., Mr. Rod Crook, Ms. Alma Wiebe, Q.C., Ms. Karen Prisciak, Q.C., and Mr. Robert Arscott, F.C.A. (Secretary). Dean Dan Ish retired as a member of the Foundation in June 2004 after a number of years of very active service. The Foundation appreciated his contribution over the years.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated at Yorkton, Saskatchewan, this ⁵¹31 day of January A.D. 2005.


Mr. John Stamatinos, Q.C.
Chair

**LAW FOUNDATION
OF SASKATCHEWAN**

FINANCIAL STATEMENTS

June 30, 2004

AUDITORS' REPORT

To the Members of the
Law Foundation of Saskatchewan

We have audited the balance sheet of the Law Foundation of Saskatchewan as at June 30, 2004, and the statements of revenue, expenditures, grants and unallocated revenue for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Law Foundation of Saskatchewan as at June 30, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Our previous report dated August 19, 2004 has been withdrawn and the financial statements have been revised. The revision is the result of the members approving a reduction to a grant subsequent to the previous Auditors' Report. Please refer to Note 1 "Grant Stabilization Reserve" for further details.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
August 19, 2004
December 8, 2004

LAW FOUNDATION OF SASKATCHEWAN

(Established under the Legal Profession Act of Saskatchewan)

BALANCE SHEET

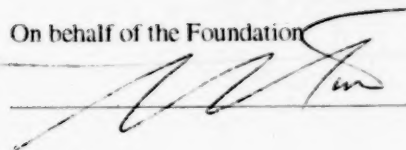
30th JUNE 2004

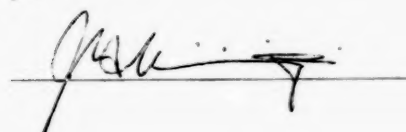
	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$ 171,777	\$ 217,032
Interest receivable from solicitors' trust accounts	65,740	192,271
Investments - cost (Note "2")	5,963,356	6,296,426
Accrued interest on investments	301,552	273,631
Due from Investment Dealer	306,149	123,584
	<u>\$ 6,808,574</u>	<u>\$ 7,102,944</u>

LIABILITIES, RESERVE AND UNALLOCATED REVENUE

Grants payable	<u>\$ 2,311,091</u>	<u>\$ 1,832,757</u>
Grant stabilization reserve (Note "1")	4,250,000	5,000,000
Unallocated revenue	<u>247,483</u>	<u>270,187</u>
	<u>4,497,483</u>	<u>5,270,187</u>
	<u>\$ 6,808,574</u>	<u>\$ 7,102,944</u>

On behalf of the Foundation

 Chairperson

 Treasurer

LAW FOUNDATION OF SASKATCHEWAN

STATEMENT OF REVENUE, EXPENDITURES, GRANTS AND UNALLOCATED REVENUE

30th JUNE 2004

	<u>2004</u>	<u>2003</u>
REVENUE:		
Interest from lawyer's mixed trust accounts	\$ 1,403,374	\$ 1,777,313
Interest earned on investments	<u>368,877</u>	<u>369,072</u>
	1,772,251	2,146,385
EXPENDITURES:		
- Administrative		
Foundation members		
- per diem	\$ 27,050	\$ 16,700
- meetings		
- regular	7,061	5,927
- special	4,415	9,923
Office, postage, stationery, telephone	16,581	19,241
Office of the Secretary	73,118	78,237
Professional fees	<u>4,432</u>	<u>4,552</u>
	<u>132,657</u>	<u>134,580</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE GRANTS	1,639,594	2,011,805
GRANTS AUTHORIZED		
- Schedule "1" (Note "1")	(2,419,666)	(1,980,266)
GRANTS RECOVERED	<u>7,368</u>	<u>154,129</u>
EXCESS OF EXPENDITURES AND GRANTS OVER REVENUE FOR THE YEAR	(772,704)	185,668
TRANSFER FROM GRANT STABLIZATION RESERVE	750,000	-
UNALLOCATED REVENUE, BEGINNING OF YEAR	<u>270,187</u>	<u>84,519</u>
UNALLOCATED REVENUE, END OF YEAR	<u>\$ 247,483</u>	<u>\$ 270,187</u>

**Law Foundation of Saskatchewan
Notes to the Financial Statements
June 30, 2004**

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles required management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates.

Financial Instruments

The Foundation carries various financial instruments. Unless otherwise indicated, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted. Long term investments are recorded at cost. It is the Foundation's policy to hold all investments to maturity.

Interest

Interest income is recorded as earned and results from client trust accounts of the members of the Law Society of Saskatchewan.

Grants

Grants are expensed at the time they are authorized by the Foundation.

Grant Stabilization Reserve

The Reserve is to provide protection for continuing grants in the event of future revenue reductions. As a result of changing conditions, the need for a \$5,000,000 reserve is no longer necessary. The members approved a reduction in the reserve for 2004, and transferred \$750,000 to general operations. It is anticipated a further \$1,250,000 will be transferred in the future to finance a grant made in October 2004 to the College of Law, University of Saskatchewan, for expansion of the College.

Law Foundation of Saskatchewan
Notes to the Financial Statements
June 30, 2004

2. LONG TERM INVESTMENTS

	2004		2003	
	Market	Cost	Market	Cost
Debentures	\$ 418,654	\$ 402,490	\$ 428,516	\$ 402,490
Guaranteed investment certificates	928,090	900,000	798,560	798,560
Medium term notes	1,515,734	1,462,421	1,061,519	1,007,019
Bonds	3,520,826	3,198,445	4,318,854	3,938,357
Business Development Bank of Canada NASDAQ-100 index	-	-	156,000	150,000
	\$ 6,383,304	\$ 5,963,356	\$ 6,763,449	\$ 6,296,426

Market value includes accrued interest of \$301,552 (2003- \$273,631) recorded as an asset in balance sheet.

3. CASH FLOW STATEMENT

A cash flow statement has not been prepared as it would not provide any additional useful information in understanding cash flows for the year.

LAW FOUNDATION

(Established under the Legal Profession Act of Saskatchewan)

GRANTS AUTHORIZED

30th JUNE 2004

Schedule "1"

The Law Foundation of Saskatchewan Chair in Police Studies	\$ 750,000
Law Society Libraries - annual	670,000
Public Legal Education Association - annual	479,280
Saskatchewan Legal Education Society - annual	108,631
Law Foundation Endowment Fund - College of Law - annual	75,000
Native Law Centre - annual	74,795
Law Society - Desk Top Access	65,000
Law Reform Commission - annual	60,000
Elizabeth Fry Society - Native Court Worker - annual	39,400
Association Francaise Saskatchewan	38,400
Saskatchewan Elocution & Debate	21,000
Collaborative Lawyers Association	18,550
Saskatoon Sexual Assault & Information Centre	12,000
Salvation Army	4,000
CBA Saskatchewan Law Day	3,610
Total	<u>\$ 2,419,666</u>

